ORGANIZATION,
MANAGEMENT AND CONTROL MODEL

ACS DOBFAR GROUP

IN ACCORDANCE WITH THE LEGISLATIVE DECREE JUNE 8, 2001,
NO. 231

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SPECIAL PART

1. DESCRIPTION OF THE REGULATORY FRAMEWORK

Legislative Decree June 8, 2001 no. 231 (hereinafter, “Leg. Decree no. 231/2001” or “Decree”), in implementation of the powers conferred on the Government with art. 11 of the Law September 29, 2000, no. 300, called the regulation of the “liability of bodies for administrative offences relative to crimes” concerning legal entities, companies and associations, even if they have no official legal status.

The economic authorities and private bodies that have been granted a concession to operate a public service are part of such application field, while besides the State and regional and local authorities - non-economic public authorities and bodies that carry out constitutional functions are excluded from this application.

The roots of the Decree lie in a number of international and EU-conventions, ratified by Italy, that impose to provide for forms of liability of collective entities for certain types of offence: in fact, such bodies can be held “liable” for some perpetrated or attempted offences, also in the interest or to the advantage of these entities, by members of the company’s top management (the so-called subjects “in leading position” or simply “senior management representatives”) and by those that are subject to the direction or supervision of the former (art. 5, sub-section 1, of the Leg. Decree no. 231/2001).

Therefore, Leg. Decree no. 231/2001 is an innovation in the Italian legal system, as now both monetary and interdictory sanctions can be applied to the bodies, directly and independently, in relation with offences ascribed to individuals functionally connected with the bodies according to art. 5 of the Decree.

The administrative liability of the bodies is autonomous with respect to the criminal liability of the natural person that has committed the crime; it does not substitute for, but it is added to the personal liability of the individual that has committed the crime.
However, this liability is excluded, if among other things the body concerned has adopted and effectively implemented, prior to the commission of the offences, adequate organization, management and control models to prevent these offences. Such models can be adopted according to codes of conduct (guidelines) drawn up by the representative associations of the company.

In any case, the administrative liability is excluded if the senior management representatives and/or their subordinates have operated in their own exclusive interest or in the interest of any third party.

1.1 Nature of the liability

With reference to the nature of the administrative liability ex Leg. Decree no. 231/2001, the explanatory Report to the decree points out the “launch of a tertium genus that combines the essential traits of the criminal system and the administrative system in trying to consider the reasons of the preventive effectiveness with the even more unavoidable ones, of the maximum guarantee”.

In fact, Leg. Decree no. 231/2001 has introduced a form of “administrative” type liability of the bodies in our legal order – in accordance with the provision of art. 27, first sub-section, of our Constitution “The criminal liability is personal” – but with numerous points of contact with a “criminal” type of liability.

1.2 Criteria for imputation of the liability

The commission of one of the offences mentioned by the Decree is the prerequisite for the applicability of the regulation ordered by the latter. The Decree provides for criteria of imputation of objective nature and criteria of subjective nature (broadly speaking, as it concerns bodies).

Objective criteria for imputation of the liability

The first, fundamental and essential, criterion for imputation of objective nature consists of the condition that the crime – or administrative offence – is committed «in the interest or to the advantage of the body».

The liability of the body thus arises, whenever the tort has been committed in the interest of the body or to benefit the body, without any need of the actual and concrete achievement of the objective.
This means that it is a criterion that has been accompanied by the – also non-exclusive – purposes with which the tort has been committed.

The criterion of the benefit regards the positive result instead, from which the body has actually benefited by the commission of the tort, regardless of the intention of who has committed it.

The body shall not be liable, if the tort has been committed by one of the individuals mentioned by the Decree «in its own interest or in the interest of a third party».

The above confirms that, if the exclusivity of the pursued interest prevents the arising of the liability of the body, on the other hand the liability arises if the interest is common to the body and the natural person or can be partially referred to one, partially to the other.

The second criterion of objective imputation consists of the “perpetrator subject” of the tort.

In fact, as already mentioned before, the body is only liable for the tort committed in its own interest or for its benefit in case it has been committed by one or more qualified subjects, that the Decree bundles in two categories:

1) «by individuals that perform functions of representation, administration or direction of the body or an organization unit of the body provided with financial and functional autonomy», or by those who «wield, also de facto, the management and control» of the body such as, for example, the legal representative, councilor, general director or director of a branch or plant as well as the individuals that wield, also de facto, the management and control of the body (the so-called individuals in “leading position” or “senior management representatives”; art. 5, sub-section 1, letter a), of the Leg. Decree no. 231/2001);

2) «by individuals subject to the direction or supervision of one of the senior management representatives» (the so-called individuals subordinated to other people’s direction; art. 5, sub-section 1, letter b), of the Leg. Decree no. 231/2001). To this category belong all those that accomplish in the interest of the body the decisions adopted by the top management under the direction and supervision of the senior management representatives. To this category can be attributed, besides the employees of the body, all those who act in the name and on behalf or in the interest of the latter, such as, by way of example, any collaborators, para-subordinates and consultants.
If more individuals concur in the commission of the offence (giving rise to the involvement of people in the offence: art. 110 criminal code; substantially the same applies in case of administrative offence), it is not necessary that the “qualified” individual brings about the typical action, or part of it, provided for by law, as it is sufficient that the latter gives a conscious causal contribution to the commission of the offence.

Subjective criteria for imputation of the liability

The Decree outlines the liability of the body as a direct liability, for own and guilty fact; the criteria of imputation of subjective nature comply with the profile of the guilt of the body.

The body is held liable in case it has not adopted or has not observed standards of good management and control related to its organization and the performance of its business. The guilt of the body, and thus the possibility to reproach it, depends on the verification of an incorrect company policy or structural deficits in the company organization that have not prevented the commission of one of the presumed offences.

The responsibility of the body is excluded, in case it has adopted and effectively implemented – prior to the commission of the offence – an adequate Organization and Management Model to prevent the commission of offences of the kind that has been committed.

1.3 Exempting value of the M.O.G.

The Decree excludes the responsibility of the body, in case, prior to committing the offence, the body has provided for and has effectively implemented an adequate « Organization, Management and Control model » (M.O.G.) to prevent the commission of offences of the kind that has been realized.

The M.O.G. works as a justification both in case the presumed offence has been committed by a senior management representative and in case it has been committed by an individual subject to the direction or supervision of a senior management representative.

Offence committed by a senior management representative.

For the offences committed by senior management representatives, the Decree introduces a kind of presumption of liability of the body, since it provides for the exclusion of its liability only if it proves that (art. 6 of Leg. Decree 231/2001):
a) « prior to the commission of the offence, the managing body has adopted and effectively implemented adequate organization and management models to prevent offences of the kind that has occurred »;
b) « the task to supervise the functioning and observance of the models and to ensure that their updating has been entrusted to an organism of the body provided with autonomous initiative and control powers »;
c) « the people have committed the offence eluding fraudulently the organization and management models »;
d) « there has been no omitted or insufficient supervision by the organism provided with autonomous initiative and control powers ». 

The above-mentioned conditions must concur all and jointly, so that the liability of the body can be excluded.

Therefore the company must prove its non-involvement in the facts with which the senior management representative has been charged, proving the existence of the above-listed requirements concurrent with each other and the circumstance that the commission of the offence does not arise from its own “organizational fault”.

### Offence committed by individuals subordinated to the direction or supervision of a senior individual.

For the offences committed by individuals subordinated to the direction or supervision of a senior management representative, the body can be called to answer only in case it is verified that « the commission of the offence has been made possible by the failure to observe of the obligations of direction or supervision ».

In other terms, the liability of the body is based on the non-fulfilment of the obligations of direction and supervision, obligations that are ascribed ex lege to the top management or transferred to other individuals according to valid mandates (art. 7 Leg. Decree 231/2001).

In any case, the breach of the obligations of direction or supervision is excluded « if the body has adopted and effectively implemented, prior to the commission of the offence, an adequate Organization, Management and Control Model to prevent offences of the kind that has occurred ». 
In case an offence has been committed by an individual subordinated to the direction or supervision of a senior individual, there will be an inversion of the burden of proof. In the assumption provided for by the said art. 7, the accusation must prove the non-adoption and non-efficient implementation of an adequate Organization, Management and Control Model in order to prevent the offences of the kind that has occurred.

Leg. Decree no. 231/2001 outlines the content of the organization and management models, providing that, in relation with the extension of the delegated powers and the risk of commission of the offences, as specified by art. 6, subsection 2, they must:

- identify the activities within the limits of which offences can be committed;
- provide for specific protocols aimed at planning the training and implementation of the body’s decisions in relation with the offences to prevent;
- identify management procedures of adequate financial resources to prevent the commission of the offences;
- provide for information obligations towards the organism in charge of the supervision of the functioning and observance of the models;
- introduce an adequate disciplinary system to sanction the failure to observe the measures indicated in the Model.

Furthermore art. 7, subsection 4, of Leg. Decree no. 231/2001 defines the requirements of the effective implementation of the organization models:
- periodical verification and any modification of the model when significant violations of the provisions are found, i.e. when changes in the organization and activities occur;
- an adequate disciplinary system to sanction the failure to observe the measures indicated in the Model.

With reference to the offences on the subject of health and safety from which the administrative liability of the body may arise, Leg. Decree no. 81 of April 9, 2008, including the Consolidated Law on occupational health and safety establishes at art. 30 (Organization and Management Models) that the adopted and effectively implemented Organization and Management Model, adequate and able to get an absolving effectiveness of the administrative liability, being adopted and effectively implemented, must ensure a company system for the fulfillment of all legal obligations relative to:
a) the observance of the technical-structural legal standards relative to plants, equipment, places of work, chemical, physical and biological agents;
b) risk assessment activities and preparation of the consequent prevention and protection measures;
c) activities of organizational nature, such as emergencies, first aid, management of the contracts, periodical safety meetings, consultations of the representatives of the workers on safety;
d) health monitoring activities;
e) activities of information and training of the workers 
f) supervision activities with reference to the observance of the procedures and instructions on safe work by the workers;
g) the acquisition of legally compulsory documentations and certifications;
h) periodical verifications of the application and effectiveness of the adopted procedures.

This organization and management Model according to the said Leg. Decree no. 81/2008 must:
- also provide for adequate record systems of the occurred implementation of the above-mentioned activities;
- in any case, as far as requested by the nature and size of the Organization and type of performed activities, provide for a breakdown of functions that assures the necessary technical competences and powers for the risk verification, assessment, management and control, as well as an adequate disciplinary system to sanction the failure to observe the measures indicated in the Model;
- also provide for an adequate control system on the implementation of this Model and on the maintenance in time of the conditions of adequateness of the taken measures. The re-examination and any modification of the organization Model must be adopted, when significant infringements of the regulations are found relative to accident-prevention and hygiene at work, i.e. upon changes in the organization and activities connected with scientific and technological progress.

Upon the first application, the company organization models are presumed to be in compliance with the requirements mentioned in the previous subsections for the corresponding parts, in case they are defined in compliance with the UNI-INAIL*) Guidelines for an occupational health and safety management
system (SGSL) of September 28, 2001 or with the British Standard OHSAS 18001:2007.

For the same purposes further company organization and management models can be indicated by the permanent Advisory Commission for occupational health and safety.

1.4 Types of Offence

According to Leg. Decree no. 231/2001 the body can only be held liable for the offences explicitly referred to by Leg. Decree no. 231/2001, if committed in its interest or at its advantage by the qualified individuals ex art. 5, subsection 1, of the above Decree or in case of specific legal provisions that make reference to this Decree, such as art. 10 of the law no. 146/2006.

For explanatory convenience, the types of offence can be included in the following categories:

- **Crimes in Relation with the Public Administration.** It concerns the first group of offences originally identified by Leg. Decree no. 231/2001 (art. 24 and 25);
- **Computer-Related Crimes and Unlawful Data Processing.** Art. 24-bis of the Decree provides for new types of administrative offence in relation with certain computer-related crimes and unlawful data processing;
- **Organized Crime.** Art. 24-ter of the Decree establishes the extension of the liability of the body also with reference to the offences according to article 416, 416-bis, 416ter and 630 criminal code;
- **Offences Against the Public Faith,** such as counterfeiting money, public credit cards and stamp values, provided for by art. 25-bis of the Decree, introduced by art. 6 of Leg. Decree 350/2001, converted into law, with modifications, by art. 1 of the law November 23, 2001, no. 409, laying down “Urgent provisions in view of the introduction of the Euro”;
- **Crimes Against Industry and Trade.** Art. 25-bis-1 of the Decree provides for new types of administrative offence in connection with certain crimes against commercial operations and against intellectual property;
- **Corporate Crimes.** Art 25-ter has been introduced in Leg. Decree no. 231/2001 by art. 3 of Leg. Decree April 11, 2002, no. 61 that, in relation with the reform of corporate law, has provided for the extension of the regime of administrative liability of companies to certain corporate crimes;
CRIMES COMMITTED FOR TERRORIST PURPOSES OR FOR SUBVERSION OF THE DEMOCRATIC ORDER (as defined by art. 25-quater Leg. Decree no. 231/2001, introduced by art. 3 of the law January 14, 2003, no. 7). It concerns “crimes with terrorist purposes or for subversion of the democratic order, provided by the criminal code and special laws”, as well as crimes, other than what is mentioned above, “which anyhow have been committed in breach of what is provided for by article 2 of the international Convention for the repression of the financing of terrorism, made in New York on December 9, 1999”;

CRIMES AGAINST LIFE AND PERSONAL SAFETY. Art. 25 quater.1 of the Decree, introduced by the law January 9, 2006, no. 7, provides among crimes with reference to which the administrative liability of the body can be connected with, any rituals of female gender mutilation;

CRIMES AGAINST INDIVIDUALS, provided for by art. 25-quinquies, introduced in the Decree by art. 5 of the law August 11, 2003, no. 228, such as juvenile prostitution, juvenile pornography, the trade of people and enslavement;

MARKET ABUSES, referred to by art. 25-sexies of the Decree15;

CRIMES OF MANSLAUGHTER AND SERIOUS OR VERY SERIOUS CULPABLE INJURIES, COMMITTED WITH BREACH OF THE REGULATIONS ON OCCUPATIONAL HEALTHCARE AND SAFETY. Art. 25-septies, provides for the administrative liability of the body in relation to the crimes according to art. 589 and 590, third subsection, p.c. (Manslaughter and serious or very serious culpable injuries), committed with violation of the regulations on occupational healthcare and safety;

OFFENCES OF RECEIVING OF STOLEN GOODS, MONEY LAUNDERING AND UTILISATION MONEY, GOODS OR UTILITIES OF UNLAWFUL ORIGIN Art. 25-octies of the Decree establishes the extension of the responsibility of the body also with reference to the offences provided for by article 648, 648-bis and 648-ter c.p.;

OFFENCES RELATING TO COPYRIGHT. Art. 25-novies of the Decree establishes the extension of the responsibility of the body also with reference to the offences in accordance with the special law [L. 633/1941] relating to the enforcement of copyright and in detail of what is provided for by art. 171, first subsection letter a-bis) and third subsection, 171-bis, 171-ter, 171-septies and 171-octies;
- PERSUASION TO NOT TESTIFY OR TO BEAR FALSE TESTIMONY TO JUDICIAL AUTHORITIES. Art. 25-decies of the Decree defines the responsibility of the body in relation with the abstract type of offence provided for and punished by art. 377-bis of the criminal code.

- ENVIRONMENTAL CRIMES. Art. 25-undecies of the Decree establishes new types of administrative offence in connection with certain crimes against the environment.

- EMPLOYMENT OF ILLEGA LLY STAYING THIRD-COUNTRY NATIONALS

Art. 25-duodecies of the Decree identifies the liability of the Company in case of employment of third-country nationals that do not have a regular residence permit.

- TRANSNATIONAL OFFENCES. Art. 10 of the law March 16, 2006 no. 146 defines the administrative liability of the body, also with reference to the offences specified by this law that have a transnational characteristic.

1.5 SANCTION SYSTEM

As a consequence of the commission or attempted commission of the above-mentioned offences, art. 9 - 23 of Leg. Decree no. 231/2001 provide for the following sanctions to the charge of the body:

- pecuniary sanction (and preventive attachment as a precautionary measure);

- interdictive sanctions (also applicable as a precautionary measure) of not less than three months and not more than two years (with the clarification that, in accordance with art. 14, subsection 1, Leg. Decree no. 231/2001, “The interdictive sanctions have as purpose the specific activity to which the offence of the body refers”) that, at their turn, can consist of:
  - interdiction from business management;
  - suspension or annulment of the authorizations, licenses or concessions that are functional to the commission of the offence;
  - ban to negotiate with the public administration, except for obtaining the performances of a public service;
  - exclusion from facilitations, financing, contributions or economic aids and any annulment of the granted ones;
  - ban to promote goods or services;
  - confiscation (and preventive attachment as a precautionary measure);
  - publication of the sentence (in case of application of an interdictive sanction).
The pecuniary sanction is determined by the criminal judge through a system based on “quotas” in a number of not less than hundred and not more than thousand and for an amount varying between a minimum of € 258.22 and a maximum of € 1,549.37.

In the commensuration of the pecuniary sanction the judge determines:
- the number of the quotas, considering the seriousness of the fact, the degree of responsibility of the body as well as the activities aimed at eliminating or diminishing the consequences of the fact and to prevent the commission of further offences;
- the amount of the single quota, according to the economic and financial conditions of the body.

The body answers for the obligation of payment of the pecuniary sanction with its assets or with the common fund (art. 27, subsection 1, of the Decree).

The interdictive sanctions are applied in relation to the sole offences for which they are explicitly provided and as long as at least one of the following conditions is met:

a) the body has made a profit of relevant extent from the execution of the offence and the offence has been committed by senior management individuals or by individuals subordinated to the direction of other people when, in the last case, the commission of the offence has been determined or facilitated by serious organization flaws;

b) in case of recurrence of the offences. (Art. 13, subsection 1, letters a) and b) Leg. Decree no. 231/2001. In accordance with art. 20 Leg. Decree no. 231/2001: “There is a recurrence when the body that has already been sentenced at least once in a definitive way for an illicit conduct ensuing from a crime commits another one in the five years following the definitive sentence.”).

The interdictive sanctions are provided for the fulfillment of: offences against the public administration, certain offences against the public faith, crimes with terrorist purpose and subversion of the democratic order, crimes against individuals, rituals of female gender mutilation, transnational offences, offences regarding health and safety, receiving of stolen goods, money laundering and utilization of money, goods or utilities of illicit origin, computer-related crimes and unlawful data processing, organized crime, crimes against industry and trade, crimes on the infringement of copyright as well as environmental crimes.
The judge determines the type and duration of the interdictive sanction considering the adequateness of the single sanctions to prevent offences such as the one being committed and can, if need be, apply them jointly (art. 14, subsection 1 and subsection 3, Leg. Decree no. 231/2001).

The sanctions of interdiction from business management, the ban to negotiate with the public administration and the ban to promote goods or services can - in the most serious cases - be applied in a definite way. The judge can let the business of the body continue (instead of imposing the sanction of the interdiction), according to and under the conditions set forth in art. 15 of the Decree, appointing a commissioner for this purpose for a period equal to the duration of the interdictive sanction.

**1.6 Assumption of the Attempt**

In the assumption of commission, in the forms of an attempt, of the crimes sanctioned according to Leg. Decree no. 231/2001, the pecuniary sanctions (in terms of amount) and interdictive sanctions (in terms of duration) are reduced by a third to the half.

The imposition of sanctions is excluded in those cases in which the body voluntarily impedes the fulfillment of the action or implementation of the event (art. 26 Leg. Decree no. 231/2001).

The exclusion of sanctions is justified, in such case, by virtue of the interruption of any relation of identification between body and individuals that presume to act in its name and on its behalf.

**1.7 Modifying Events of the Body**

Art. 28-33 of Leg. Decree no. 231/2001 rule the effect on the financial responsibility of the body of any modifying events connected with operations of company transformation, merger, split and transfer.

In case of transformation, (in coherence with the nature of such institute that implies a simple change of the type of company, without determining the extinction of the original legal person) the responsibility of the body still holds for any offences committed prior to the date on which the transformation has had effect (art. 28 Leg. Decree no. 231/2001).
In case of **merger**, the body that results from the merger (also by takeover) shall be liable for the offences for which the bodies taking part in the merger were accountable (art. 29 of Leg. Decree no. 231/2001).

Art. 30 of Leg. Decree no. 231/2001 provides that, in case of a **partial split**, the split company remains liable for the offences committed prior to the date on which the split has had effect.

The beneficiary bodies of the (both total and partial) split are jointly and severally bound to pay the pecuniary sanctions due by the split body for any offences committed prior to the date on which the split has had effect, within the limits of the actual value of the net assets transferred to the single body.

This limit does not apply to the beneficiary companies, to which the branch of activities, even only partially, is assigned and within the sphere of which the offence has been committed.

The interdictive sanctions relative to any offences committed prior to the date on which the split has had effect, apply to the bodies to which, also in part, the branch of activities has remained or has been transferred within the sphere of which the offence has been committed.

Art. 31 of the Leg. Decree no. 231/2001 includes common provisions for the merger and split, concerning the determination of the sanctions in the event that such extraordinary operations have occurred prior to the conclusion of the judgment.

The judge must commeasure the pecuniary sanction, according to the criteria provided for by art. 11, subsection 2, of Leg. Decree no. 231/2001, anyhow making reference to the economic and financial conditions of the originally responsible body, and not to the ones of the body to which the sanction should be imputed following the merger or split.

In case of an interdictive sanction, the body that shall be liable following the merger or split can ask the judge for the conversion in pecuniary sanction, on condition that: the organization fault that has made the commission of the offence possible, has been eliminated and the body has provided to refund for the damage and has made the part of any earned profit available (for confiscation).

Art. 32 of Leg. Decree no. 231/2001 allows the judge to consider the sentences that have already been inflicted towards the bodies taking part in the merger or the split body with the purpose to amount to the recurrence, in accordance with art. 20 of Leg. Decree no. 231/2001, in relation to the offences of the body
resulting from the merger or beneficiary of the split, relative to offences being committed at a later stage.

As regards the transfer and company conferment a unitary regime (art. 33 of Leg. Decree no. 231/2001) has been provided for. In case of transfer of the company in which business the offence has been committed, the cessionary is jointly forced to pay the pecuniary sanction imposed on the transferor, with the following limitations:

**A)** without prejudice to the benefit of the preventive examination of the transferor;

**B)** the liability of the cessionary is limited to the value of the transferred company and to the pecuniary sanctions resulting from the compulsory accounting books i.e. due for administrative offences of which it was anyhow aware.

On the contrary, the interdictive sanctions imposed on the transferor are not extended to the cessionary.

### 1.8 Offences committed abroad

The body can be called to answer in Italy for offences – considered by the same Leg. Decree no. 231/2001 - committed abroad (art. 4 Leg. Decree no. 231/2001). The prerequisites on which the liability of the body is based for offences committed abroad are

1) the offence must be committed by an individual that is functionally linked with the body, according to art. 5, subsection 1, of Leg. Decree no. 231/2001;

2) the body must have its main office in the territory of the State of Italy;

3) the body can only account for in case and under the conditions provided for by art. 7, 8, 9, 10 p.c. (in those cases in which the law provides that the guilty - natural - person is punished upon request of the Ministry of Justice, it will only proceed against the body, if the request has also been formulated towards this body) and, also out of respect of the principle of legality according to art. 2 of Leg. Decree no. 231/2001, only with regard to offences for which its liability is provided for by a legislative *ad hoc* provision;
in case the cases and conditions according to the above-mentioned articles of the criminal code exist, the State of the place where the offence has been committed shall not proceed towards the body.

1.9 Offence assessment procedure

The liability for administrative offence arising from a crime is assessed within the sphere of criminal proceedings. For this purpose, art. 36 of Leg. Decree no. 231/2001 provides “The competence to know the administrative offences of the body pertains to the criminal judge that is competent for the crimes on which they depend. The provisions on the composition of the court and connected procedural provisions relative to the crimes on which the administrative offence depends, are observed for the assessment procedure of the administrative offence of the body”.

Another rule, inspired on reasons of procedural effectiveness, homogeneity and economy, is the compulsory consolidation of proceedings: as far as possible, the process towards the body must remain consolidated with the criminal process established towards the natural person, the presumed offender of the liability of the body (art. 38 of Leg. Decree no. 231/2001).

This rule has been taken into consideration in the provision of art. 38, subsection 2, of Leg. Decree no. 231/2001 that, vice versa, rules the cases against which legal action is taken separately for the administrative offence.

The body takes part in the criminal proceedings with its legal representative, except in case the latter is imputed of the crime on which the administrative offence depends. When the legal representative does not appear, the legitimate body will be represented by the defense attorney (art. 39, subsections 1 and 4, of Leg. Decree no. 231/2001).

1.10 Codes of conduct prepared by the bodies’ representative associations

Art. 6, subsection 3, of Leg. Decree no. 231/2001 provides “The organization and management models can be adopted, guaranteeing the requirements according to subsection 2, based on codes of conduct drawn up by the bodies’ representative associations, communicated to the Ministry of Justice that can formulate within thirty days, in concert with the competent Ministries, observations on the suitability of the models to prevent any crimes”.

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Confindustria (Confederation of Italian industries) has defined the “Guidelines for the construction of organization, management and control models ex Leg. Decree no. 231/2001”, publicized on March 7, 2002, integrated on October 3, 2002 with appendix relative to the so-called corporate crimes (included in Leg. Decree no. 231/2001 with Leg. Decree no. 61/2002), updated on May 24, 2004 and, finally, transmitted to the Ministry of the Justice on February 18, 2008 for any adaptations aimed at giving indications regarding the adequate measures to prevent the commission of new crimes, presumed as regard market abuses, rituals of female gender mutilation, organized transnational crime, occupational health and safety and anti-money laundering (update on March 31, 2008). On April 2, 2008 the Ministry of the Justice communicated the conclusion of the examination procedure of the new version of the “Confindustria (Confederation of Italian industries) Guidelines for the construction of the organization, management and control models ex Leg. Decree. no. 231/2001” (hereinafter, “Confindustria Guidelines”).

The Confindustria Guidelines give, among other things, methodological indications for the identification of the risk areas (field/activity in which framework the crimes can be committed), the planning of a control system (the so-called protocols for the planning of the training and implementation of the body’s decisions) and the contents of the Organization, Management and Control Model.

In particular, the Confindustria Guidelines suggest the associated companies to use risk assessment and risk management processes and provide for the following phases for the definition of the Model:

- identification of the risks and protocols;
- adoption of some general instruments among which an Ethical Code with reference to the offences ex Leg. Decree no. 2311/2001 and a disciplinary system;
- identification of the criteria for the choice of the Supervisory Body, indication of its requirements, tasks and powers and information obligations.

In the preparation of this Model, the ACS DOBFAR SPA Group has drawn its main inspiration from the above-mentioned Confindustria Guidelines, besides from the Codes of conduct of the main representative associations and the best practices relative to the different business areas. Any differences with respect to specific points of the Confindustria Guidelines meet the requirement to adapt
the organization and management measures to the business being factually performed by the Company and the context in which it operates.

### 1.11 Suitability control

The verification activities performed by the criminal judge regarding the existence of administrative liability profiles to the charge of the company, concerns two profiles. On one hand the verification regarding the commission of an offence that is part of the application framework of the Decree, on the other hand “the suitability control” on any Organization Model adopted by that company.

The control of the judge about the abstract suitability of the Organization Model in order to prevent offences according to Leg. Decree 231/2001 is conducted according to the criterion of the so-called “late prognosis”.

The judgment of suitability must be formulated according to an essentially *ex ante* criterion, so that the judge places himself, ideally, in the company reality, that existed at the time in which the offence occurred to test the congruence of the adopted Model.

In other words, as “suitable to prevent offences” must be judged any organization Model that, prior to the commission of the offence, could and had to be considered such as to eliminate or, at least, to minimize any risk of the commission of the crime occurred at a later stage with a reasonable certainty.
2. GOVERNANCE AND ORGANIZATION STRUCTURE MODEL OF THE ACS DOBFAR SpA GROUP

The ACS DOBFAR SpA Group consists of different company realities operating in different countries, among which Italy, Brazil, South Korea and Switzerland. The current Model solely refers to the ACS DOBFAR SpA holding and to the other subsidiaries entirely controlled by the parent company and with legal office in Italy:
- FACTA FARMACEUTICI SpA
- Dphar SpA

2.1 ACS DOBFAR SpA – PARENT COMPANY

ACS DOBFAR SpA is a limited company founded on May 20, 1980 with legal office in Tribiano (MI) in Viale Addetta 4/12, with the following corporate purpose:
1) the production, both for own account and job-processing, and sale of:
   - lyophilized and sterile crystallized products;
   - products and semi-finished and/or finished raw materials for chemical and pharmaceutical industries;
2) the production and trade of medicinal specialties, pharmaceutical, parapharmaceutical, medicinal, biological, diagnostic, galenical, hygienic, food, dietary, nutritional products, cosmetics as well as perfumes, zootechnical, veterinary and agricultural products;
3) disposal activities, by means of special waste treatment at liquid state, also job-processing;
4) the agricultural activity aimed at the production of fodder and farming in general;

The mission of the Company includes a guarantee of quality, safety and respect of the environment to its interlocutors (customers, authorities, citizens, financial partners, employees and suppliers).
The objectives of ACS DOBFAR SpA include the implementation of preventive measures to reduce health and safety risks for the workers and the
environment and the dialogue with the authorities, customers, employees and the public in general to translate their expectations in internal requirements.

For the achievement of the corporate purpose, the Company can fulfill both in Italy and abroad and without any restriction, all industrial, commercial, financial, movable property and real estate development transactions, that are considered necessary or useful. It can grant securities, endorsements and any other, also tangible security. It can assume representations, concessions, agencies and deposits of other companies and grant them to other companies.

The activities of ACS DOBFAR SpA are organized in six production plants, situated in:

1) **Tribiano, Via Rossini n. 7/11**;
2) **Tribiano, Viale Addetta n. 2/12**;
3) **Tribiano, Via Paullo n. 9**;
4) **Vimercate, Via Marzabotto n. 1/9**;
5) **Albano S. Alessandro, Via Tionale n. 87**;
6) **San Giuliano Milanese, Via Bracciano n. 9/11**.

The Administrative/Financial/Personnel/Regulatory offices are situated in Agrate Brianza at the Centro Direzionale Colleoni (Pegaso 2 – Pegaso 3).

**2.2 Facta Farmaceutici SpA**

Facta Farmaceutici SpA was founded on 09/11/1999, and its corporate purpose is the research, production, packaging, promotion and sale of parapharmaceutical specialties, dietary products, cosmetic and parapharmaceutical products, the purchase and exchange of licenses. The legal office is situated in Milan in Viale Caldara n. 24/A and the administrative office in Agrate Brianza (MB) in Viale Colleoni n. 25.

The production activities are developed at the following two plants:

1) **Pomezia (RM), Strada Laurentina km 24.730**;
2) **Teramo (TE) Zona Industriale Sant’Atto, sn – Frazione San Nicolò a Tordino**;
2.3 Dphar SpA

The company Dphar SpA, founded on 30/06/2014, with legal office in Tribiano (MI) in Viale Addetta n. 2A, is mainly engaged in the production, both on its own behalf and on that of third parties, and the sale of:
- medicinal specialties;
- synthesis and fermentation products;
- lyophilized and sterile crystallized products;
- products and semi-finished and/or finished raw materials for chemical and pharmaceutical industries.
Furthermore it is engaged in the study, research, development, production and trade of biotechnologies and biotechnological products for chemical, pharmaceutical, cosmetic and both human and veterinary nutritional use.
The corporate purpose also includes disposal activities, by means of special waste treatment at liquid state, also job-processing.
The activities are performed at the sole production plant situated in:

- Anagni (FR), Contrada Fontana del Ceraso snc.

2.4 Institutional Structure: Bodies and Individuals

Shareholders Meeting

The ordinary shareholders meeting:
- appoints and annuls the members of the board within the limits and with the methods provided for by the articles of associations and determines the payment due to them;
- appoints the Chairman of the Board of Directors in accordance with the articles of associations;
- resolves on the responsibility of the members of the board;
- resolves on the profit distribution, in observance of the statutory provisions;
- appoints the auditing business.
The extraordinary shareholders meeting resolves on the modifications of the articles of associations, the appointment, replacement and powers of the liquidators and on any other subject explicitly attributed by law to its competence.

**BOARD OF DIRECTORS**

According to the articles of associations, the management of the enterprise appertains solely to the Board of Directors, in compliance with the competences and attributions. For this purpose the Board of Directors performs all necessary, useful or anyhow suitable operations to achieve the corporate purpose, both of ordinary and extraordinary administration. The Board of Directors has all the powers for the management of the company, without prejudice to the need of specific authorization in the cases provided for by law.

The following competences are assigned to the administration body:

**a)** resolutions of merger and split in the cases as defined by art. 2505, 2505 bis, 2506 ter last subsection c.c.;

**b)** institution and suppression of branch offices;

**c)** indication of the administrators on which the corporate representation falls back;

**d)** reduction of the capital stock in case of withdrawal of the shareholder;

**e)** adaptation to legal provisions of the articles of associations;

**f)** transfer of the legal office;

**g)** reduction of the capital stock in case more than one third of the capital stock is lost and the company has issued shares without nominal value.

**CORPORATE REPRESENTATION**

The representation of the company pertains to the sole administrator or to the Chairman of the Board of Directors and appertains as well to the members of the board provided with a mandate of the board. Attorneys and proxies can be appointed for determined acts or categories of acts. In any case, when the individual appointed is not part of the board of directors, the attribution of the power of representation of the company is ruled by the regulations on proxies.
**BOARD OF STATUTORY AUDITORS**

The Board of Statutory Auditors consists ex art. 2397 c.c. of three members with a three-year term of office.

The Board of Statutory Auditors supervises the observance of the law and the acts of association, the compliance of the principles of correct administration and in particular the adequateness of the organizational, administrative and accounting structure, used by the company and on its effective functioning.

**2.5 GOVERNANCE INSTRUMENTS**

The ACS DOBFAR SpA Group has developed a set of governance instruments of the organization that guarantee the functioning of each Company and they can be resumed as follows:

- **Articles of association** - in compliance with the legal provisions in force, they consider different provisions relative to the company governance aimed at assuring the correct performance of the single management activities.

- **Organizational Provision, Work Orders and Organizational Communications** - The drawing-up of specific Organizational Provisions, Work orders and Communications enable each single Company of the Group to understand, at any time, individually the company structure, the subdivision of the essential responsibilities as well as the identification of the individuals to which these responsibilities are entrusted.

- **Mandate and proxy system** - it establishes, by means of the assignment of specific proxies, the powers to represent or commit the single Companies and, through the mandate system, the responsibility with regards to the aspects as regard environment and safety at work. The updating of the mandate and proxy system is made on occasion of revision/modification of the Organization Structures and/or Work orders or upon advice of the single Organization Units.

- **Procedure, Policy, Guideline and Internal Regulation System** – Each Company of the Group is provided with an efficient occupational health and safety management system, with an Environmental Management System
(SGA certificate ISO 14001), with Procedures and Guidelines aimed at ruling the relevant processes in a clear and efficient way. It also includes a regulation of the administrative and accounting processes within the framework of the set of procedures that are controlled by the manager in charge of the drawing-up of the corporate accounting documents according to art. 154-bis of the TUF (Consolidated Law on Finance).

- **Ethical Code of the ACS DOBFAR SpA Group** - it expresses the ethical principles and code of conduct that the single Companies recognize as their own and on which they call for the observance by all those who operate for the achievement of the objectives. The Ethical Code expresses, among other things, lines and principles of conduct aimed at preventing the offences according to Leg. Decree no. 2311/2001.

Finally, the Ethical Code of the ACS DOBFAR SpA Group identifies as values the excellence in the results, responsibility, team spirit, innovation.

The set of *governance* instruments adopted by the ACS DOBFAR SpA Group, as mentioned above in extreme synthesis, and of the provisions of this Model make it possible to identify, with respect to all the activities, the formation and implementation process of the decisions of the body (see art. 6, subsection 2 letter b, Leg. Decree no. 2311/2001).

The system of the above-mentioned internal documentation, as well as the submission to the constant management of the supervision by the competent Authorities, are also a precious instrument as a safeguard of the prevention of illicit conducts in general, including the ones provided for by the specific regulations that define the administrative liability of the bodies.

### 2.6 Control System

Each Company of the ACS DOBFAR SpA Group, in coherence with the adoption of the administration and control system, considers as the main subjects in charge of the control, monitoring and supervision processes in the Company:
- Board of Directors
- Board of Statutory Auditors
- Auditing Business
- Supervisory body in accordance with Leg. Decree no. 2311/2001.
3. ORGANIZATION, MANAGEMENT AND CONTROL MODEL OF THE ACS DOBFAR SpA GROUP

3.1 INTRODUCTION

The adoption of an Organization, Management and Control Model ex Leg. Decree no. 2311/2001, besides representing a reason of exemption from the administrative liability of the Companies with reference to the commission of some types of offences, is an act of corporate responsibility.

3.2 FUNCTION OF THE MODEL

The ACS DOBFAR SpA Group intends to affirm and publicize an enterprise culture characterized by:
- the legality, transparency, ethics, correctness and respect of the rules also confirming that, coherently with the strict principles adopted by all the Companies of the ACS DOBFAR SpA Group, no illicit conduct can be considered accepted, also in case it is committed in the interest or to the advantage of the enterprise;
- the control, that must govern all decisional and operative phases of the corporate business, in the full awareness of the risks from any possible commission of offences.

The achievement of the above-mentioned purposes is materialized in a coherent system of principles, organization, management and control procedures and provisions that start off the Model that the Group has prepared and adopted in the light of the above considerations.

The main objectives of this Model are:
- to make the individuals that collaborate, at various title, with ACS DOBFAR SpA (employees, consultants, suppliers, etc.) aware, by asking them, regarding the activities that are performed in the interest of the various Companies, to adopt correct and transparent conducts, in line with the ethical values by which it is inspired in the achievement of its corporate purpose and such as to prevent any risk of commission of the offences considered in the Decree;
- to determine in the above-mentioned individuals the awareness that, in case of breach of the imposed provisions, they can meet with disciplinary and/or
contractual consequences, besides criminal and administrative sanctions inflicted on them;
- to establish and/or reinforce checks that make it possible to prevent or to react promptly to avoid the commission of offences by senior management representatives and the individuals subordinated to the direction or supervision of the senior management representatives that involve the administrative liability of the Company;
- to make it possible, through a monitoring of the risk activity areas of the single Companies of the Group to intervene promptly, in order to prevent or oppose the commission of offences and to sanction the conducts adverse to the Model;
- to guarantee its own integrity, adopting the fulfillments explicitly provided for by art. 6 of the Decree;
- to improve the effectiveness and transparency in the management of the business activities;
- to determine a full awareness in the potential perpetrator of the offence that the commission of any offence is strongly disapproved and adverse – besides to the legal provisions – both to the ethical principles with which the Companies of the Group intend to comply with and to the interests of the Company, even when it might apparently take advantage of it.

### 3.3 Project for the Definition of the Model

The methodology chosen for the preparation project of the Model, in terms of organization, definition of the operating procedures, phase structuring, assignment of the responsibilities among the various company functions, has been developed in order to guarantee the quality and authoritativeness of the results.

The main operating phases are as follows:

- identification of the processes and activities in which framework the offences referred to by Leg. Decree 231/2001 can be committed;
- identification of the key officers and analysis of the sensitive processes and activities;
- gap analysis;
- definition of the Model.
All phases include the involvement of the Managers of the Directions/Organization Units of the single Companies of the Group for the sharing of the outcomes.

**Identification of the Processes and Activities in Which Framework the Offences According to Leg. Decree 231/2001 Can Be Committed**

Art. 6, subsection 2, letter a) of Leg. Decree 231/2001 mentions, among the requirements of the Organization, Management and Control Model, the identification of the processes and activities in which framework the offences explicitly referred to by the Decree can be committed. In other words, it concerns those company activities and processes that are commonly defined “sensitive” (hereinafter, “sensitive activities” and “sensitive processes”).

Therefore, the purpose of this operating phase has been the identification of the company areas and the preliminary identification of the sensitive processes and activities.

The analysis of the company and organizational structure has been preparatory to the identification of the sensitive activities.

A first identification has been made of the sensitive processes/activities and a preliminary identification of the organization Units in charge of such processes/activities on the basis of the analysis of the business model of the Companies, together with the organization acts.

Specifically, the following activities have been carried out with the purpose to identify the sensitive processes/activities:

- collection of the documentation relative to the company and organizational structure (for example: organization charts, main organizational procedures, function mandates, proxies, etc.);
- analysis of the collected documentation for the examination of the business model of the Company;
- historical analysis (“case history”) of any cases that may have involved the Company in the past years, relative to criminal, civil or administrative proceedings that have points of contact with the regulations introduced by Leg. Decree 231/2001;
- detection of the company business areas and relative functional responsibilities;
- preliminary identification of the sensitive processes/activities ex Leg. Decree 231/2001;
- preliminary identification of the Directions/Organization Units in charge of the identified sensitive processes.

IDENTIFICATION OF THE KEY OFFICERS AND ANALYSIS OF THE SENSITIVE PROCESSES AND ACTIVITIES

The purpose of this operating phase has been to identify the resources with a thorough knowledge of the sensitive processes/activities and currently existing control mechanisms, completing and closely examining the preliminary inventory of the sensitive processes/activities as well as the organizational units and individuals involved (hereinafter, “key officers”).

This analysis has been made both through the analysis of the company documentation, including the one relative to the proxies, and through technical in-depth meetings with the identified Organization units.

The key officers have been identified in the individuals of the highest organizational level, able to provide detailed information on the single company processes and activities of the single Organization units, in order to achieve a suitable level of information/detail to understand the existing checking system.

The analysis has been made through personal “interviews” with the key officers, also with the purpose to establish the management processes and control instruments for every sensitive activity, with particular attention on the compliance elements and existing preventive checks to safeguard them.

Here follows a list of the activities carried out in the course of this operative phase, at the end of which a preliminary “map of the sensitive processes/activities” has been defined towards which the analysis activities and close examinations must be addressed:
- collection of further information through documentary analysis and meetings with the internal referents;
- identification of further individuals that are able to give a significant contribution to the comprehension/analysis of the sensitive activities and relative control mechanisms;
- preparation of the map, that “intersects” the sensitive processes/activities with the relative key officers;
- making structured “interviews” with the key officers, as well as with the staff indicated by them, in order to collect the necessary information on the
sensitive processes/activities identified in the previous phases, and to understand:
- the elementary processes /activities being carried out;
- the Organization units / internal/external individuals involved;
- the relative roles/responsibilities;
- the existing control system;
- sharing of what has come to light during the “interviews” with the *key officers*;

Among other things, the following control principles have been considered in the survey of the existing control system:
- existence of formalized procedures;
- traceability and verifiability *ex post* of the transactions through adequate documentary/information supports;
- identification of the tasks;
- existence of formalized mandates that are coherent with the assigned organizational responsibilities.

**Gap analysis**

The objective of this operative phase consists of the identification of:
1) the organizational requirements that characterize an organizational Model suitable to prevent the offences referred to by Leg. Decree 231/2001;
2) any actions of improvement of the organizational Model and existing control.

In order to detect and analyze in detail the existing control Model as regard the identified risks and having pointed out in the above-mentioned *risk assessment* activity as well as to assess the compliance of this Model with the provisions of Leg. Decree 231/2001, a comparative analysis is made (the so-called “*gap analysis*”) between the existing organizational and control system and an abstract reference model, assessed according to the content of the regulations according to Leg. Decree 231/2001.

**Definition of the Model**

The purpose of the following operative phase has been the definition of the Organization, Management and Control Model *ex Leg. Decree 231/2001* of the Group, taking into consideration the relative *Confindustria* Guidelines,
organized in all its components and personalized according to the various company situations.
The realization of this phase has been supported by the results of the previous phases.

3.4 Structure of the Model

The document relative to the Model is structured in two main sections:

A) General Part, that describes the regulatory reference framework and which rules the overall functioning of the adopted organization, management and control system, aimed at preventing the commission of the presumed offence;

B) Special Parts, aimed at integrating the content of the General Part with a description relative to:

–the types of offence referred to by the Decree which the ACS DOBFAR SpA Group has deemed necessary to take into consideration as regard the characteristics of the performed business
–the sensitive processes/activities, with respect to the subject-matters of offences according to the previous point, present in the company reality and to the correlated control parameters.

3.5 Relation between Model and Ethical Code

As an integration of the control instruments provided for in accordance with the above-mentioned Leg. Decree 231/2001, the ACS DOBFAR SpA Group has provided for an Ethical Code, expression of a company context that has the main objective to satisfy the needs and expectations of the stakeholder (e.g. shareholders, employees, customers, consultants, suppliers) in the best possible way.

Among other things, the Ethical Code has the purpose to support and promote a high standard of professionalism and to avoid conduct rituals different from the interests of the Company or deviating with respect to the law, as well as conflicting with the values that the Company intends to maintain and promote. The Ethical Code is aimed at the members of the social bodies, at all employees of any order and degree and at all those who, stably or temporarily, interact with the various Companies of the ACS DOBFAR SpA Group.
The Ethical Code must therefore be considered an essential foundation of the Model, as they form a systematic corpus of internal regulations together, aimed at the spreading of the company ethics and transparency culture and it is an essential element of the control system. The rules of conduct they include are integrated, even if the two documents meet a different purpose:

- the Ethical Code represents an instrument adopted autonomously and is subject to application on a general level by the Companies with the purpose to express the recognized principles of “company ethics” as its own and on which to recall everybody’s observance;
- the Model, instead, also meets specific provisions included in Leg. Decree 231/2001, with the purpose to prevent the commission of particular types of offences (for facts that, apparently committed to the advantage of the company, may involve an administrative liability according to the provisions of the above-mentioned Decree.

3.6 Offences relevant for the Companies of the Group

The adoption of the Model, as an instrument to direct the conduct of the individuals that work inside the various Companies and to promote conducts shaped around legality and correctness at all company levels, is reflected positively on the prevention of any crime or offence provided for by the legal system.

In consideration of the analysis of the different company contexts, the performed activities and the areas that are potentially subject to the risk-offence, any offences that are subject of the Special Parts have been considered relevant and have been specifically examined for this reason in the Model and they are listed here below:

- crimes in the relations with the Public Administration;
- computer-related crimes and unlawful data processing;
- organized crime;
- offences against the public faith;
- offences against industry and trade;
- corporate crimes;
- crimes of manslaughter and serious or very serious culpable injuries, committed in breach of the regulations on health and safety at work;
- offences of receiving of stolen goods, laundering and utilization of money, goods or utilities of illicit origin as well as self-laundering;
- offences on the subject of breach of the copyright;
- persuasion to not testify or to bear false testimony to legal authorities;
- environmental offences;
- employment of illegally staying third-country nationals;
- transnational offences.

With regards to above, we point out that no special part has been drawn up regarding any offences relative to market abuses (art. 25 sexies of the Decree). The reason for this is that none of the companies belonging to the ACS DOBFAR SpA Group with legal office in Italy is a listed company.

Neither has a special part been drawn up concerning offences relative to terrorism or subversion of the democratic order (art. 25 quater of the Decree), any offences relative to the rituals of female gender mutilation (art. 25 quater 1 of the Decree) and any offences against individuals (art. 25 quinquies of the Decree) because it is considered that there are no company areas at risk of such offences.

3.7 Adoption, updating and adaptation of the Model

Competence

The Board of Directors is the competent Body for the adoption, updating and adaptation of the Model.
It is pointed out that the operative procedures adopted in implementation of this Model and its updates are prepared by the competent company functions. The Supervisory Body is promptly and constantly informed on any updating and implementation of the above-mentioned procedures.

Verifications and checks on the Model

Precise tasks and powers with regards to the care, development and promotion of the constant updating of the Model remain however assigned, within the limits of the powers in accordance with art. 6, subsection 1, letter b) and art. 7,
subsection 4, letter a) of the Decree and with what is provided for by its Regulations, to the Supervisory Body of the single companies of the Group. For this purpose, the Supervisory Body formulates observations and proposals, pertaining to the organization and control system, for the company structures in charge of it.

The Supervisory Body advises immediately on any circumstances or organizational lacks that have been identified in the supervision activity that stress the need to update or adapt the Model as well as, at least once every six months within the framework of its periodical report, any further necessary updates.

**UPDATING AND ADAPTATION**

The Model must be subject to updating or adaptation each time it is considered necessary or useful or anyhow as a consequence of circumstances that pertain to facts such as:

- violations or avoidances of the provisions of the Model, in case the possibility of further protection pursuant to prevention of offences sanctioned according to Leg. Decree 231/2001 has been identified;
- significant modifications of the organizational structure of the Company and/or the performance procedures of the business activities;
- modifications of the regulatory reference framework relevant for the Company (e.g. when new types of offence typologies, that are relevant according to the Decree, have been introduced);
- assessments of inadequacy upon the outcome of the checks.
4. **Supervisory Body**

4.1 **Characteristics of the Supervisory Body**

According to the provisions of Leg. Decree no. 2311/01 (art. 6 and 7) and indications included in its accompanying Report, the characteristics of the Supervisory Body are:

a) autonomy and independence;
b) professionalism;
c) continuity of action.

**Autonomy and independence**
The requirements of autonomy and independence are essential, so that the Supervisory Body is not directly involved in management activities that are the subject-matter of its control activities.

Such requirements can be obtained by guaranteeing the Supervisory Body a staff position within the top management, providing for activities of reporting to the Board of Directors and Chairman/Managing Director.

**Professionalism**
The Supervisory Body must have adequate technical-professional competences for the functions that it is called to perform.

**Continuity of Action**
For this reason the Supervisory Body must constantly and continuously monitor the Model, verifying its implementation and proposing its updating.

4.2 **Criteria for the identification of the Supervisory Body**

The Supervisory Body can be both collegial and monocratic. A Supervisory Body is appointed for each single Company of the ACS DOBFAR SpA Group based on the analysis of the single organization structures and according to the following scheme:

- **ACS DOBFAR SpA** collegial composition (two external members, one internal member);
- **FACTA FARMACEUTICI SpA** monocratic composition (external member);

- **DPHAR SpA** monocratic composition (external member).

In case of a collegial Organism, the members are identified among the internal and external resources that are in possession of the legal requirements and are experts in legal skills and internal control.

The Board of Directors of the Company appoints and annuls:

- the members of the Supervisory Body;

- the Chairman of the Supervisory Body; if this were not possible, the latter shall be elected by the Supervisory Body.

The Supervisory Body is set up with a resolution of the Board of Directors that must, upon the appointment, acknowledge the assessment of the existence of the requirements of independence, autonomy, good repute and professionalism of its members.

Upon the acceptance of the appointment the members of the Supervisory Body, after having examined the Model and given formal adhesion to the Ethical Code, undertake to perform the functions attributed to them and guarantee the necessary continuity of action and to advise the Board of Directors promptly on any event susceptible to affect the maintenance of the above-mentioned requirements.

After the appointment of the Supervisory Body, the Board of Directors shall verify, at least once a year, the continuance of the subjective requirements with regards to the members of the Organism and the Organism as a whole.

The default of the subjective requirements with regards to a member of the Supervisory Body determines the immediate loss of its office.

In case of forfeiture, death, resignation or annulment, the Board of Directors provides promptly for the replacement of the ceased member.

The term of office of the members of the Supervisory Body is three years from the appointment.

### 4.3 Annulment
The annulment of the members of the Supervisory Body can only occur for just cause, by means of a resolution of the Board of Directors.

To this end, “just cause ” of annulment of the powers connected with the appointment of member of the Supervisory Body means, by way of example and not limitative, the following:

- a serious negligence in the fulfillment of the tasks connected with the appointment such as: the omitted drawing-up of the six-monthly information report or the yearly summary report on the performed activity which the Body is bound to do;
- the omitted drawing-up of the supervision program;
- the “omitted or insufficient supervision” by the Supervisory Body – in compliance with art. 6, subsection 1, letter d), Leg. Decree no. 2311/2001 – resulting from a judgment of conviction, even if not brought up for trial, passed towards the Company or any other company in which the individual is a member of the Supervisory Body, according to Leg. Decree no. 2311/2001 i.e. by application judgment of the penalty upon request (the so-called plea bargain);
- in case of an internal member, the attribution of operative functions and responsibilities inside the company organization that are incompatible with the typical requirements of “autonomy and independence” and “continuity of action” of the Supervisory Body. In any case, the Board of Directors must be acquainted with any measure of provision of an organizational character that concerns it (for ex. cessation of the work relation, move to another appointment, dismissal, disciplinary measures, appointment of a new manager);
- serious and verified reasons of incompatibility that frustrate its independence and autonomy.

Any decision regarding the single members or the whole Supervisory Body is of exclusive competence of the Board of Directors.

4.4 CAUSES OF SUSPENSION

Causes of suspension from the function of a member of the Supervisory Body are the following:
• the verification, after the appointment, that the member of the Supervisory Body has fulfilled the qualification of member of the Supervisory Body within a company towards which the sanctions provided for by art. 9 of this Decree have been applied, with a non-definite measure (including the judgment passed in accordance with art. 63 of the Decree), for offences committed during the office;
• the circumstance that the member is subject of a measure of commitment for trial in relation with one of the presumed offences according to the Decree or, anyhow, for an offence of which the commission is sanctioned with the, even temporary, interdiction from the direction offices of the legal subjects or enterprises or in relation with one of the administrative offences regarding market abuses, according to the TUF (Consolidated Law on Finance).

The members of the Supervisory Body must advise, under their full responsibility, the Chairman of the Board of Directors on the occurrence of any of the above-mentioned causes of suspension.

The Chairman of the Board of Directors shall promptly inform, also in all further cases in which he is directly acquainted with the occurrence of any of the above-mentioned causes of suspension, the Board of Directors, so that it will declare, in its first following meeting, the suspension of the individual (or individuals), towards whom one of the above-mentioned causes has occurred, from the office of member of the Supervisory Body.

In case the number of members is less than two, as a consequence of the suspension, the Board of Directors orders the temporary integration of the Supervisory Body, appointing one or more members, whose appointment shall have a term equal to the period of suspension.

The decision on any annulment of the suspended members must be subject of a decision of the Board of Directors. The non-removed member shall be re-integrated in full of his functions.

4.5 Temporary hindrance

In the assumption in which causes arise that prevent, in temporary way, an effective member of the Supervisory Body to perform his functions or to perform them with the necessary autonomy and independence of judgment,
the latter is bound to declare the existence of legitimate hindrance and, in case it is due to a potential conflict of interest, the cause from which it arises by abstaining from taking part in the meetings of this body or specific resolution to which the conflict refers until the above-mentioned hindrance lasts or is removed.

By way of example, a cause of temporary hindrance is an illness or injury that lasts for more than three months and which prevent from taking part in the meetings of the Supervisory Body.

In case of a temporary hindrance or in any other assumption that determines the impossibility for one or more members to take part in the meeting, the Body shall operate in its reduced composition, provided that the number of the remaining members (for whom the above-mentioned situations do not exist) is not less than two.

Otherwise, if the number of the members is less than two in case of a monocratic composition of the Supervisory Body, the Board of Directors orders the temporary integration of the Supervisory Body, appointing one (again in case of a monocratic composition) or more members, whose appointment shall have a term of office equal to the period of hindrance.

The power for the Board of Directors still holds, when the hindrance is prolonged for a period of more than six months, that can be extended by another 6 months, however not more than twice, to come to the annulment of the member or members for whom the above-mentioned causes of hindrance have occurred.

4.6 Function, tasks and powers of the Supervisory Body

In general and in compliance with the indications defined by the Decree and the Guidelines, the function of the appointed Supervisory Body consists of:

- verifying the effectiveness of the Model and its actual capacity to prevent the commission of the applicable offences according to Leg. Decree no. 231/01;
- supervising on the effective application of the Model in relation to the different types of applicable offences according to Leg. Decree no. 231/01;
- analyzing the maintenance in time of the solidity and functionality requirements of the Model;
- identifying and proposing updates and modifications of the Model in relation with the changed regulations or changed needs or corporate conditions to the Board of Directors;
· verifying that the proposals of update and modification formulated to the Board of Directors, according to what is mentioned at the previous point, are effectively adopted in the Model.

Within the sphere of the above-mentioned function, the Supervisory Body has the following tasks:

· to verify periodically the map of the offence risk areas in order to adapt it to the regulatory changes, as well as to the changes of the business and/or company structure. The managers of the single directions must report any situations able to expose the company to any risk of offence to the Supervisory Body. All communications must be in writing (also by e-mail);
· to make periodical verifications and inspections aimed at determining specific operations or acts, implemented in range of the risk activity areas as defined hereinafter in this Model;
· to collect, process and preserve the relevant information concerning the respect of the Model, as well as to update the list of information that must be compulsorily transmitted to the Supervisory Body;
· to lead internal investigations for the assessment of any presumed violations of the provisions of this Model submitted to the attention of the Supervisory Body by specific reports or arisen in the course of its supervision activities;
· to verify that the elements provided for in the Model for the different types of offences (adoption of standard clauses, implementation of procedures, etc.) are anyhow adequate and in accordance with the requirements of observance according to Leg. Decree no. 2311/01, otherwise proposing an update of these elements;
· to report the activities and implementation of the Model to the Board of Directors;

For the performance of the functions and above-mentioned tasks, the following powers are given to the Supervisory Body:

· to have full access in a capillary way to the various company documents and, in particular, the ones regarding relations of contractual and non-contractual nature, established by the Company with any third party;
· to make use of the support and cooperation of the various company structures that may be engaged, or, anyhow involved in the control activities.
4.7 Obligations of information towards the Supervisory Body

Leg. Decree no. 231/01 [art. 6, sub-section 2, letter d)] explicitly refers to specific obligations of information towards the Supervisory Body, as a further instrument to assist the supervision activities on the effectiveness of the Model. For this reason, all employees and managers, senior and non-senior individuals, must transmit all necessary documents for the performance of its activity to the Supervisory Body. According to the seriousness of the action/omission the breach of these obligations of information may involve the application of a disciplinary sanction.

Furthermore, simultaneously with the appointment, a document indicating the existing mandate system of the Company is given to the Supervisory Body. Moreover, the Supervisory Body must be promptly informed by the Board of Directors of the Company in relation with any modification and/or integration of this system.

Reports by company exponents or any third party.

Within the company framework, besides the documentation specifically prescribed in the Model according to its procedures, the Supervisory Body must be acquainted with any other information, of any type whatsoever, also from any third party and pertaining to the implementation of the Model in the risk activity areas.

In this respect the following provisions are valid:
- any reports relative to the breach of the Model or anyhow as a consequence of behaviors that are not in line with the rules of conduct adopted by the Company must be collected;
- the Supervisory Body shall assess the received reports and any consequent initiatives at its reasonable discretion and responsibility, if necessary hearing the author of the report and/or the person responsible of the presumed breach, drawing up special minutes of the meeting and justifying in writing any decisions to proceed or not to proceed with an internal investigation;
- the reports must be in writing, not nameless and concern any breach or suspect of breach of the Model. The Supervisory Body shall act in observance of the regulations in force as regard safeguard of confidentiality and, anyhow, do anything possible to guarantee the reporting individuals against any form of
reprisal, discrimination or penalization, also assuring the confidentiality of the identity of the reporting person, except for any legal obligations as well as the safeguard of the rights of the Company or any wrongly and/or in bad faith accused individuals. Moreover, the nameless reports containing circumstanced facts of particular seriousness may be assessed by the Supervisory Body at its own discretion;
· the reports received by the Supervisory Body must be collected and preserved in a special file, access of which is exclusively allowed to the Supervisory Body.

Information obligations relative to official acts.
In any case, besides the above-mentioned reports, any information concerning the following must be compulsorily transmitted to the Supervisory Body:
· measures and/or news from criminal investigation department bodies or any other authorities, from which the performance of investigations is deduced, also towards unknown persons, for the offences according to Leg. Decree no. 231/01;
· requests of legal assistance sent by the managers and/or employees in case of the start of legal proceedings for the offences according to Leg. Decree no. 231/01;
· reports prepared by the managers of other company functions or the Board of Auditors within the sphere of their control activities, from which facts, acts, events or omissions may arise with profiles of criticality with respect to the observance of the regulations of Leg. Decree no. 231/01;
· news relative to the effective implementation of the Model at all company levels, highlighting the performed disciplinary proceedings and any imposed sanctions (including measures towards employees) i.e. of measures of dismissal of such proceedings with the relative motivations.

4.8 Obligations of typical information of the Supervisory Body

Two lines of reporting are assigned to the Supervisory Body of the Companies of the ACS DOBFAR SpA Group:
· the first one, if need be and on a periodical base, directly with the Chairman/sole Administrator/Managing Director of each Company of the Group;
· the second one, on a periodical base, to the Board of Directors of the single Companies.
Furthermore the Supervisory Body gives information to the Board of Auditors both periodically and upon request of the latter.

The presence of the above-mentioned reports of functional character, also with a body without any operative tasks and therefore released from management activities such as the Board of Auditors, forms a factor able to ensure that the appointment is fulfilled with more guarantees of independence by the Supervisory Body.

The Supervisory Body can be called to refer by the above-mentioned bodies at any time or can, at its turn, submit a request to report as regard the functioning of the Model or specific situations.

Written proof of any contact or meeting of the Supervisory Body with the Board of Directors and/or the Board of Auditors or single members of such bodies must remain and be filed with the records of the Company.
5. Sanction system

5.1 General principles

Art. 6, sub-section 2, letter e) and art. 7, sub-section 4, letter b) of Leg. Decree no. 231/2001 indicate, as a condition for an effective implementation of the organization, management and control Model, the introduction of a disciplinary system that is able to sanction the failure to observe of the measures indicated in the above Model.

Therefore, the definition of an adequate disciplinary system is an essential prerequisite of the justifying value of the Organization, Management and Control Model ex Leg. Decree no. 2311/2001 with respect to the administrative liability of the bodies.

The provided sanctions shall be applied for any infringement of the provisions included in the Model regardless of the commission of an offence and performance and outcome of any criminal proceedings that have been started by the judicial authorities.

The sanctions that are contemplated for violations of the provisions included in the Model are also to be understood applicable in the assumption of breach of the provisions set forth in the Ethical Code.

The already granted powers to the management of the Company shall be valid for the notification, verification of the infringements and application of disciplinary sanctions, within the limits of the respective mandates and competences.

The Supervisory Body, after having received the report and carried out the necessary verifications, formulates a proposal regarding the measures to be taken and communicates its assessment to the competent company bodies according to the disciplinary system, which shall pronounce with regards to any adoption and/or modification of the measures proposed by the Supervisory Body, activating the company functions/organization units being from time to time competent as concerns the effective application of the measures.

In any case, the phases of notification of the breach, as well as the ones of determination and effective application of the sanctions, are performed in observance of the legal provisions and regulations in force, as well as the provisions of the collective bargaining and the Disciplinary Codes of the company, whenever applicable.
5.2 MEASURES TOWARDS EMPLOYED PERSONS

Any breach of the single provisions and rules of conduct according to the Model by the employees of the various Companies of the ACS DOBFAR SpA Group always represents a disciplinary offence.

As far as the typology of imposable sanctions is concerned, in case of a subordinate work relation, any sanctioning measure must observe the procedures according to the Workers’ Statute and relevant National Collective Bargaining Agreement, characterized, besides the principle of typicality of the breaches, also by the principle of typicality of the sanctions.

The ACS DOBFAR SpA Group has its own employees that perform the functions at the Plants of the various Companies. According to what is provided for by the documents that govern their deployment, these employees are - in the fulfillment of their jobs - subject to the directives issued by the plant managers. They are, therefore, bound to the respect of:

a) the principles of conduct according to this Model;
b) the Ethical Code;
c) what is provided for by the Procedures prepared by the Plant.

In case one or more employees of a third company carry out – following the stipulation of a contractual agreement – any working activities at the various plants of the Group, these individuals shall always be bound to the observance of the Ethical Code of the Company and of this Model.

5.3 MEASURES TOWARDS NON-SUPERVISORY STAFF

The conducts of the employed staff in breach of the conduct rules included in the Model and in the Ethical Code, shall give rise to a non-observance of a primary obligation of the very relationship and, as a consequence, represent disciplinary offences.

In relation to the measures that can be applied to the non-managing staff, the main source of the Company’s sanction system is the National Collective Bargaining Agreements applied in it.

For the purposes of the application of the sanctioning measure, the following aspects are taken into consideration:
The sanctions that can be applied are listed here below, diversified according to the applicable National Collective Bargaining Agreement (C.C.N.L.).

The reference National Collective Bargaining Agreement (C.C.N.L.) provides that the faults of the worker may, according to their seriousness, cause to take one of the following disciplinary measures:

a) **verbal reprimand**;

b) **written reprimand**;

c) **penalty not higher than the amount of 3 hours’ pay**;

d) **suspension from the service and from the salary for a period of not more than 3 days**;

e) **dismissal with loss of the allowance for want of notice**.

The Agreement provides that the criteria of correlation between the faults of the workers and the disciplinary measures are affixed, permanently, in the work places.

Furthermore, the above-mentioned measures do not relieve the worker from any liability in which he has incurred.

In case the entity of the fault cannot be assessed immediately, the company can order, by way of precaution, to send the worker away for a period of time of not more than 60 days.

The C.C.N.L. also establishes criteria of correlation between the faults of the workers and the disciplinary measures, in order to avoid uncertainties or difference of conduct in the respect of the principle of graduation of the sanctions in relation to the seriousness of the fault.
In any case, following is considered liable to sanctions:

a) the employee who omits to fulfill with due diligence the tasks and jobs pursuant to the internal procedures or infringes the provisions provided for by the Model and by the documents to which it refers as regard information to the Supervisory Body or checks to be made or who in any case meets for the first time, in carrying out activities that are classified as “sensitive” pursuant to and for the purposes of the Model, with a light breach of the provisions of the Model, provided that no major adverse impact to the outside arises due to such breach for the Company;

b) the employee who omits several times to fulfill the tasks and jobs provided for by internal procedures with the due diligence or infringes the provisions pursuant to the Model and the documents to which it refers concerning information to the Supervisory Body or checks to be made or who, in any case, adopts several times in carrying-out activities that are classified as “sensitive” pursuant to and for the purposes of the Model, a conduct that does not comply with the provisions of the Model;

c) the employee who omits to carry out with the due diligence the tasks and jobs provided for by the internal procedures or infringes the provisions provided for by the Model and the documents to which it refers on the subject of information to the Supervisory Body or checks to be carried out or who, in any case, anyhow adopts, in carrying-out activities that are classified as “sensitive” pursuant to and for the purposes of the Model, a conduct that does not comply with the provisions of the Model, performing acts adverse to the interest of the Company, exposing it to a risk situation for the integrity of the company assets;

d) the employee who by infringing the internal procedures provided for by the Model, or adopting a conduct in the implementation of activities, that are classified as “sensitive”, that does not comply with the provisions of the Model, causes damage to the Company by performing acts that are adverse to the interest of the latter, i.e. the worker that is recidivism more than three times in the calendar year in the faults mentioned at point a), b) and c);

e) the employee who adopts, in the implementation of the activities being classified as “sensitive”, a conduct that does not comply with the
provisions of the Model and clearly aimed at the fulfillment of an offence sanctioned by Leg. Decree 231/2001;

f) the employee who adopts a conduct in the implementation of the activities, that are classified as “sensitive”, in violation of the provisions of the Model, such as to determine the concrete application by the Company of the measures provided for by Leg. Decree 231/2001, as well as the worker that is more than three times in the calendar year in the faults a recidivist according to point d).

5.4 Measures towards the managers

The managers of the Companies of the Group have the obligation, in the performance of their professional activities, both to observe and to make observe the provisions included in the Model by their collaborators.

Within the Company following is applied for the managers
- the national Collective Bargaining Agreement for Managers of the enterprises adhering to the associations of the National Service Confederation;
- the national Collective Bargaining Agreement for managers of industrial companies

Subject to sanctions are to be considered, by way of example, for breach of the provisions pursuant to the Model, any illicit conducts brought about by the manager, who:

- omits to supervise the staff hierarchically subordinated to him, in order to ensure the observance of the provisions of the Model for the performance of the activities in the offence risk areas and for activities that may give rise to operating processes at risk of offence;
- does not provide to report on lacks of observance and/or anomalies inherent to the fulfillment of the obligations pursuant to the Model, in case he has become acquainted with them, such as to make the Model ineffective with a consequent potential risk for the Company for the imposition of sanctions according to Leg. Decree no. 231/2001;
- does not provide to report any critical situations to the Supervisory Body inherent to the performance of the activities in the offence risk areas, that
have been found on the occasion of the monitoring by the competent authorities;
- meets himself with one or more serious violations of the provisions of the Model, such as to involve the commission of the offences considered in the Model, thus exposing the Company to the application of sanctions *ex Leg. Decree no. 231/2001.*

In case of breach of the provisions and rules of conduct included in the Model by a manager, according to the principle of seriousness, recidivism, direct non-observance, lack of supervision, the Company adopts the measure towards him that is considered most fit in compliance with the contractual regulation and applicable legislation.
If the violation of the Model determines the occurrence of shortcoming of the trust relationship between the Company and the Manager, the sanction is identified in the dismissal.

**5.5 Measures towards the Supervisory Body**

In assumption of negligence and/or inexperience of the Supervisory Body in ensuring the correct application of the Model and its observance and in having been unable to identify cases of its breach by providing for the elimination, the Board of Directors shall take the necessary measures according to the procedures pursuant to the regulations in force, including the removal from the appointment.
In order to guarantee the full exercise of the right of defense a term must be provided for, within which the person involved can submit justifications and/or defensive documents and can be heard.
6. TRAINING AND COMMUNICATION SCHEME

6.1 INTRODUCTION

The ACS DOBFAR SpA Group, in order to achieve an efficient implementation of the Model, ensures a correct publishing of its contents and principles inside and outside the company organization.

Objective of all the Companies of the Group is to communicate the contents and principles of the Model also to those individuals that work, even if they do not fulfill the formal qualification of employee—also occasionally—for the achievement of the objectives of the Company by virtue of contractual relations.

In fact, recipients of the Model are the people that fulfill functions of representation, administration or direction in the Company or in one of its organization units provided with financial and functional autonomy, including anybody that also performs de facto, the management and control of the Company as well as the people subordinated to the direction or supervision of one of the above-mentioned individuals (in accordance with art. 5 Leg. Decree no. 231/2001), but also all those who operate for the achievement of the purpose and objectives of the various Companies.

Among the recipients of the Model are therefore included the members of the corporate bodies, the individuals involved in the functions of the Supervisory Body, the employees, collaborators, external consultants and partners.

Among the recipients of the Model are therefore included the members of the corporate bodies, the individuals involved in the functions of the Supervisory Body, employees, collaborators, external consultants and partners.

In fact, ACS DOBFAR SpA, intends to:

- determine, in all those who operate in its name and on its behalf in the “sensitive” activities, the awareness that they can, in case of breach of the provisions mentioned in it, meet with an offence liable to sanctions;
- inform all those who operate by any right whatsoever in its name, on its behalf or anyhow in its interest that the breach of the provisions included in the Model shall involve the application of specific sanctions i.e. the dissolution of the contractual relation;
confirm that the ACS DOBFAR SpA Group does not tolerate any illicit conducts whatsoever and regardless of any purpose, as such conducts are (also in case the Company is apparently in the condition to take advantage of it) anyhow adverse to the ethical principles with which the Company intends to comply.

The communication and training activity is diversified according to the recipients to whom it is addressed, but is however characterized by principles of completeness, clearness, accessibility and continuity in order to give the different recipients the full awareness of those company provisions that they are bound to observe and of the ethical regulations that must inspire their conducts.

These recipient-subjects are bound to observe punctually all the provisions of the Model, also in fulfillment of the obligations of loyalty, integrity and diligence that arise from the legal relationship established by the Company.

6.2 Employees

Every employee of the various Companies of the Group is bound to: i) acquire awareness of the principles and contents of the Model; ii) know the operating procedures with which his activity must be implemented; iii) contribute actively, in relation with his role and responsibilities, to the efficient implementation of the Model, reporting on any lacks found in it.

The possibility to consult the Model and the Ethical Code (for example giving the address of the company website on which the Model is published or through the company Intranet).

The managers of the single Organization Units assist the Supervisory Body in the identification of the best way of use of the training services on the principles and contents of the Model, in particular in favor of all those that operate within the sphere of the activities that are considered sensitive according Leg. Decree no. 231/2001 (for example: staff meeting, on-line courses etc.).

Upon the conclusion of the training event, the participants shall fill a form, thus certifying, the actual receipt and attendance of the course.

The filling and dispatch of the form is valid as a declaration of knowledge of the contents of the Model.
Suitable communication tools are adopted to update the recipients of this paragraph on any modifications made to the Model, as well as on any relevant procedural, regulatory or organizational change.

**6.3 INDIVIDUALS WITH FUNCTIONS OF REPRESENTATION**

A hard copy of the integral version of the Model and the Ethical Code is made available to the individuals with functions of representation (attorneys) of the various Companies of the Group upon acceptance of their appointment.

**6.4 OTHER RECIPIENTS**

The communication activities of the contents and principles of the Model must also be addressed to any third party that entertains relations of contractually disciplined collaboration with the Companies of the Group (for example: consultants, agents and other autonomous collaborators) with particular reference to those who operate in activities that are considered sensitive according to Leg. Decree no. 2311/2001.

For this purpose, the Board of Directors, after having heard the Manager of Human Resources and the Manager of the area to which the contracts or relations refer, determines:

- the typologies of legal relations with individuals outside the Company, to whom it is necessary to apply the provisions of the Model, due to the nature of the performed activities,
- the communication methods of an extract of the Model and Ethical Code to the external individuals involved and the necessary procedures for the observance of its provisions, in order ensure their effective knowledge.

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